

PROVIDER AUDIT HANDOUTS

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Schedule 1

CONTRACT SUMMARY WORKSHEET - 20XX

Provider Name	Contract No.	Amount of Contract	Type of Service	Type of Entity	Amount Paid	Audit Required *1	Audit Received	Rate-Based Service
ABC Company	03-101	132,000.00	101/103	Non-profit	85,645.00	YES	YES	YES
XZY Company	03-201	170,000.00	703/503	Hospital	122,857.00	NO	N/A	N/A
XXX Company	03-204	8,000.00	101	For Profit	4,165.00	NO	N/A	N/A
ZZZ Company	03-417	701,184.00	506	For Profit	266,788.00	YES	YES	YES

*1 - Audit Required

If paid over \$75,000 (Between \$25,000 and \$75,000 are waived for Outagamie County unless it is over paid \$25,000 to an agency providing residential care center or group services to children. Then those providers require an audit).

Schedule 2

PROVIDER / County Contract #	
FOR PROFIT OR NOT-FOR PROFIT AGENCY	
TYPE OF AUDIT REQUIRED/COMPLETED (*1) PAAG & GAS (a. Entity-wide b. Program c. Agreed Prcdrs OMB-133 & PAAG & GAS AUDIT WAIVED - Review Waiver	
REPORTS/OPINIONS (*2) UNQUALIFIED (clean), QUALIFIED, OTHER	
PAYMENTS AMOUNT PAID PER COUNTY AMOUNT PAID PER AUDIT REPORT DIFFERENCE IF NEEDED, EXPLANATION OF DIFFERENCES	
FINANCIAL STATEMENTS (*3) BALANCE SHEET / STATEMENT OF FINANCIAL CONDITION/ NET ASSETS INCOME STATEMENT / STATEMENT OF ACTIVITIES/ REVENUES AND EXPENDITURES FINANCIAL STATEMENT ISSUES	
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*4) SCHEDULE OF FINDINGS AND QUESTIONED COSTS ISSUES	
MANAGEMENT LETTER MANAGEMENT LETTER ISSUED MANAGEMENT LETTER RECEIVED MANAGEMENT LETTER ISSUES RELEVANT TO PROGRAMS	
SUPPLEMENTAL SCHEDULES (*5) SUPPLEMENTAL SCHEDULES IF REQUIRED SUPPLEMENTAL SCHEDULES ISSUES	
CALCULATIONS OF: ALLOWABLE PROFIT (for Profit Providers) (*6) RESERVES (Not-for-Profit Providers) (*7)	
ALLOWABLE COST ISSUES (*8) RELATED PARTY TRANSACTIONS (Are they noted and reasonable DEPRECIATION (Usually straight-line or similar) INTEREST (Only if directly related to appropriate loans) OTHER - Rent, etc.	
ANY OTHER ISSUES	
CONCLUSION: (*9) ACCEPT OR FOLLOW-UP REQUIRED	

PURCHASE OF SERVICE CONTRACTS
AUDIT CHECKLIST 200X

Schedule 2

EXPLANATIONS

FOR OUTAGAMIE COUNTY, we are required to receive audits from all providers that we pass through more than \$75,000. (We have a waiver from the normal \$25,000 state statute threshold). However, we are required to have audits if we pass through more than only \$25,000 to agencies providing residential care center or group home services to children.

***1 Types of Audit Required (See section 3 of the PAAG)**

IF over \$300,000 in FEDERAL funding AND for a NOT-FOR-PROFIT (\$500,000 Jan 1st, 2004), requires an OMB A-133 Single Audit & PAAG & GAS (One exception is payments made to Group Homes & Child Care institutions for children and Adult Family Homes and CBRF's for Adults are not considered Federal payments and if that is the only funding, only a PAAG & GAS audit would be required) [Fed considers a vendor] (A second exception is if all funds are from one program or one cluster of programs)

IF only State funding OR a FOR-PROFIT OR for a NOT-FOR-PROFIT with less than \$300,000 in Fed funding - then requires an audit in accordance with PAAG & GAS

Note - A PAAG Allows a 1) Entity-wide or 2) Program Audit or 3) Agreed-Upon Procedures Audit.

It depends on the Risk Assessment by the grantor agency (One exception is that Group Homes and CCI's for children cannot have an Agreed-Upon audit)

When presented, the Schedule of Fed or State Awards would list the type of funding received

***2 Reports/Opinions**

See Section 10-9 of the PAAG for applicability

OMB A-133 audits also require opinion letter on compliance and internal controls on major fed programs.

***3 Financial Statements**

IF a for Profit, you normally see a balance sheet and an income statement

IF a Not-for-profit, you normally see a statement of financial condition and a statement of activities or functional expenses (revenues and expenditures) or a similar type statement

IF a Program or Agreed-Upon Procedures audit, you would normally not see the balance sheet or statement of net assets or other possible income statement type statements. Those statements would be replaced with other "Program Type" Schedules

***4 Schedule of Findings and Questioned Costs (For Program and A-133 audits) (See TAB #6)**

IF an OMB A-133 audit (federal awards) must have a section in the Summary Schedule of Findings and Questioned Costs relating to federal awards.

***5 Supplemental Schedules**

IF an OMB A-133 or Program audit - Must have a "Schedule of Federal and State Awards" and a reference in the opinion letter about it

IF a group home or a CCI - Must have a "Schedule of Incorporated Group Home/Child Care Institution Supplemental Schedule"

IF a Not-for-Profit AND a Rate-Based Service - Must/should have a "Schedule of Reserves" or an alternative schedule somewhere that calculates the reserves held)

***6 Calculation of Allowable Profit for For-Profit Agencies (See TAB #3)**

See the separate Calculation of Allowable Profit for For-Profit Agencies worksheet

***7 Calculation of Reserves for Not-For-Profit Agencies (See TAB #3)**

See the separate Calculation of Reserves for Not-For-Profit Agencies section of the guide
IF a Not-for-Profit AND NOT a Rate-Based Service - ALL Reserves should be returned

***8 Allowable Cost Issues (See TAB # 4)**

See the Allowable Cost Policy Manual

***9 Conclusion**

Conclusions should include remarks such as one of the following:

No exceptions noted and No refund due

No exceptions noted BUT a refund due - refund received and recorded XX/XX/XX

No exceptions noted BUT a refund due - refund not received yet - follow-up letter(s)

Exceptions noted - List Exceptions and follow-up procedures. Then document the ultimate resolution - (May require additional findings and questioned questioned costs in Subsequent year).

OUTAGAMIE COUNTY
Summary of 2003 POS audit reviews as of May 25th, 2005

Schedule 3

Provider	Refund Due	Refund Paid	Reserves Held (*)	Open Items	Final Status
XXXX	\$ -	N/A	YES	NONE	MONITOR RESERVES 2004
XXXX	-	N/A	N/A For-Profit	NONE	NO ISSUES
XXXX	-	N/A	N/A For-Profit	NONE	NO ISSUES
XXXX	6,875	NO	YES	REFUND DUE - NOT PAID YET	REFUND DUE & MONITOR RESERVES 2004
XXXX	Unable to Det	Unable to Det	N/A For-Profit	NO ALLOWABLE PROFIT CALC./letters issued w/no response	NO ALLOWABLE PROFIT CALC.
XXXX	22,754	22,754	N/A For-Profit	A loss was reported overall	Monitor in 2004 Audit
XXXX	-	N/A	NONE	NONE	NO ISSUES
XXXX	3,210	3,210	YES	NONE	NO ISSUES
XXXX	-	N/A	NONE	NONE	MONITOR RESERVES 2004
XXXX	-	N/A	NONE	NONE	NO ISSUES
XXXX	-	N/A	NONE	NONE	NO ISSUES
XXXX	-	N/A	NONE	NONE	NO ISSUES
XXXX	152	152	YES	NONE	MONITOR RESERVES 2004
XXXX	-	N/A	NONE	NONE	NO ISSUES
XXXX	-	N/A	NONE	NONE	NO ISSUES
XXXX	3,327	3,327	N/A For-Profit	NONE	NO ISSUES
XXXX	-	N/A	NONE	NONE	NO ISSUES
XXXX	-	N/A	NONE	NONE	NO ISSUES
XXXX	-	N/A	N/A For-Profit	NONE	NO ISSUES
XXXX	-	N/A	N/A For-Profit	NONE	NO ISSUES
XXXX	126,092	126,092	YES	RESERVES ISSUE	MONITOR RESERVES ISSUE
XXXX	Unable to Det	Unable to Det	?	NO RESERVE SCHEDULE ? /PART OF A HOSPITAL	NO RESERVE SCHEDULE / MONITOR IN 2004
XXXX	-	N/A	YES	Faxed over information but no response	
XXXX	2,635	2,635	N/A For-Profit	NONE	MONITOR RESERVES 2004
XXXX	-	N/A	N/A For-Profit	NONE	NO ISSUES
XXXX	-	N/A	N/A For-Profit	NONE	NO ISSUES
XXXX	-	N/A	N/A For-Profit	NONE	NO ISSUES
XXXX	-	N/A	N/A For-Profit	NONE	NO ISSUES
XXXX	-	N/A	NONE	NONE	NO ISSUES
XXXX	-	N/A	YES	NONE	MONITOR RESERVES 2004
XXXX	-	N/A	NONE	SINGLE AUDIT REPORT - WILL NOT COMPLETE IN 2003 / COSTS	MONITOR FOR PROGRAM SPECIFIC
XXXX	-	N/A	NONE	Agreed to a program specific audit in 2004	AUDIT IN 2004
XXXX	-	N/A	NONE	NONE	NO ISSUES
XXXX	-	N/A	NONE	NONE	NO ISSUES
XXXX	-	N/A	YES	NONE	MONITOR RESERVES 2004
XXXX	-	N/A	YES	NONE	MONITOR RESERVES 2004
XXXX	23,814	23,814	YES	NONE	MONITOR RESERVES 2004
XXXX	-	N/A	N/A For-Profit	NONE	NO ISSUES

Totals	\$ 188,859	\$ 181,984	*1		
		\$ 6,875			
		Still Due			
AUDITS NOT RECEIVED YET					
XXXX					WILL BE MONITORING IN 2004 AUDIT
XXXX					WILL BE MONITORING IN 2004 AUDIT
XXXX					WILL BE MONITORING IN 2004 AUDIT
XXXX					WILL BE MONITORING IN 2004 AUDIT

*1 - See separate worksheet
*2 - Submitted without audit review letter (\$152 + \$2,635 = \$2,787)

Schedule 2

Schedule 4

HUMAN SERVICES - PURCHASE OF SERVICE CONTRACT REVIEWS
ANALYSIS OF RESERVES BEING HELD BY PROVIDERS AT DECEMBER 31, 2003

PROVIDER	PROGRAM	TOTAL PROGRAM RESERVE	TOTAL PROVIDER RESERVES PER AUDITS 12/31/03
XXXXX	XXXX	150,000	150,000
XXXXX	XXXX	(45,334)	
XXXXX	XXXX	15,120	
XXXXX	XXXX	(30,214)	
XXXXX	XXXX	280	
XXXXX	XXXX	24,864	
XXXXX	XXXX	(4,117)	
XXXXX	XXXX	97,937	
XXXXX	XXXX	102,134	
XXXXX	XXXX	143,268	
XXXXX	XXXX	104,502	
XXXXX	XXXX	3	
XXXXX	XXXX	19,969	
XXXXX	XXXX	34,989	
XXXXX	XXXX	23,814	
XXXXX	XXXX	547,643	
XXXXX	XXXX	134,000	
XXXXX	XXXX	126,092	
XXXXX	XXXX	807,735	807,735
XXXXX	XXXX	47,643	47,643
XXXXX	XXXX	3,419	3,419
XXXXX	XXXX	7,681	
XXXXX	XXXX	(3,970)	
XXXXX	XXXX	3,711	3,711
XXXXX	XXXX	28,184	28,184
XXXXX	XXXX	19,099	
XXXXX	XXXX	8,985	28,084
XXXXX	XXXX	2,948	
XXXXX	XXXX	811	3,759
TOTAL			\$1,072,535

Schedule 5

Summary of POS Refunds Due/Paid
Outagamie County

	Refunds Paid	Refunds Paid WITHOUT County Request	Refunds Paid AFTER County Request
2003 Audits	\$ 181,984	\$ 2,787	\$ 179,197
2004 Audits	49,304	348	48,956
2005 Audits	11,628	-	11,628
2006 Audits to date	476	476	-
Totals	<u>\$ 243,392</u>	<u>\$ 3,611</u>	<u>\$ 239,781</u>
		1.48%	98.52%

Schedule 5

Schedule 6

E. Additional Audit Information

- For those non-profit providers with rate-based services, the following additional items must be adhered to:
 - A "SCHEDULE OF RESERVES" or "RESERVE SUPPLEMENTAL SCHEDULE" must be included in the audit report. The schedule (as illustrated in the PAAG) should be fully completed with all applicable columns and rows completed. In addition, separate columns should be included when applicable for the addition of interest to the prior year reserves held and a separate column for the use/expenses of prior period reserves that were expensed in the current year.
 - All uses/expenses of prior year reserves must be approved in writing by Outagamie County prior to the expense by the provider.
 - Once the audit of the provider is complete and based upon the Reserve Schedule, an amount is calculated as "amount due purchaser", that amount shall be returned to Outagamie County promptly.
 - Interest must be accrued on all prior year reserves held and the interest shall accumulate to the County's reserve.
 - All reserves being held for programs that are closed or no longer operating shall be returned to Outagamie County promptly after the close or end of the program.
 - If an amount is calculated as being held in reserve for Outagamie County - per the agencies Reserve Supplemental Schedule, that amount shall specifically be held for Outagamie County and it shall not be used to offset losses from any other entity other than a loss generated by Outagamie County's proportionate share of future year's operations. If Outagamie County does not conduct business with the agency in the next calendar year, the amount calculated as a reserve for Outagamie County shall be carried forward until such time as Outagamie County continues operations with the agency or requests the reserve be returned.
- For all for-profit providers, the following additional items must be adhered to:
 - A calculation of the "Allowable Profit" must be included in the audit report. Once the audit of the provider is complete and based upon the Allowable Profit Calculation, an amount is calculated as due the County, that amount shall be returned to Outagamie County promptly

Schedule 6

Schedule 7A

Excerpt Balance Sheet

	<u>2006</u>	<u>2005</u>
PROPERTY AND EQUIPMENT	1,097,508	1,121,237
OTHER ASSETS	<u>714,000</u>	<u>897,012</u>
Total Assets	<u>\$ 4,477,038</u>	<u>\$ 4,726,115</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current Maturities - Long-Term Debt	\$ 126,000	\$ 126,000
Accounts Payable	257,572	571,735
Accrued Expenses	<u>1,922,879</u>	<u>1,625,155</u>
Total Current Liabilities	2,306,451	2,322,890
LONG-TERM DEBT, Less Current Maturities	<u>588,000</u>	<u>714,000</u>
Total Liabilities	2,894,451	3,036,890

Schedule 7 B

Schedule of Allowable Profit

STEP I: CALCULATION OF ALLOWABLE EXPENSES

Total Expenses	\$ 22,246,990
Unallowable Expenses	(161,735)
Rent Paid to Related Party in Excess of Actual Costs	(853,741)
Allowable Expenses	<u>\$ 21,231,514</u>

STEP II: CALCULATION OF ALLOWABLE PROFIT - EQUITY METHOD

Total Allowable Expenses	\$ 21,231,514
	7.5%
	<u>\$ 1,592,364</u>

Net Equity	
Average Cost of Property and Equipment	12,578,748
Average Accumulated Depreciation	(4,378,886)
Average Long-Term Debt	<u>(2,977,980)</u>

Net Equity	5,221,882
	<u>15%</u>
	<u>783,282</u>

\$ 2,375,646

STEP III: CALCULATION OF ALLOWABLE PROFIT - BASED UPON EXPENSES

Allowable Expenses	\$ 21,231,514
	<u>10%</u>
	<u>\$ 2,123,151</u>

ALLOWABLE EXPENSES AND PROFIT IN EXCESS OF REVENUE

Allowable Expenses (Step I)	\$ 21,231,514
Allowable Profit (Lesser of Step II or Step III)	<u>2,123,151</u>
Total Allowable Expenses and Allowable Profit	\$ 23,354,665
Grant Revenue	22,845,747
Private Pay	221,333
Other Income	<u>254,952</u>
Total Revenue	<u>23,322,032</u>
Allowable Expenses and Profit in Excess of Revenue	<u>\$ 32,633</u>

total rent paid
\$ 11,529,732
1/2 profit

Schedule 8

HUMAN SERVICES - PURCHASE OF SERVICE CONTRACT REVIEWS
ANALYSIS OF RESERVES BEING HELD BY PROVIDERS AT DECEMBER 31, 2003
JOURNAL ENTRY FOR 2004 G/L BASED ON DECEMBER, 2003 RESERVES

PROVIDER	PROGRAM	TOTAL PROGRAM RESERVE	TOTAL PROVIDER RESERVES PER AUDITS 12/31/03	USED IN OR RETURNED IN 2004	NET RESERVE TO RECORD AT 12/31/04
XXXXX	XXXXX	150,000	150,000 *1	(57,500)	92,500
XXXXX	XXXXX	(45,334)			
XXXXX	XXXXX	15,120			
	Total	(30,214)			0
XXXXX	XXXXX	280			
XXXXX	XXXXX	24,864			
XXXXX	XXXXX	(4,117)			
XXXXX	XXXXX	97,937			
XXXXX	XXXXX	102,134			
XXXXX	XXXXX	143,268			
XXXXX	XXXXX	104,502			
XXXXX	XXXXX	3			
XXXXX	XXXXX	19,969			
XXXXX	XXXXX	34,989			
XXXXX	XXXXX	23,814			
XXXXX	XXXXX	547,643			
XXXXX	XXXXX	134,000			
XXXXX	XXXXX	126,092			
	Total	807,735	807,735	(126,092) *2	681,643
XXXXX	XXXXX	47,643	47,643		47,643
XXXXX	XXXXX	3,419	3,419		3,419
XXXXX	XXXXX	7,681			
XXXXX	XXXXX	(3,970)			
	Total	3,711	3,711		3,711
XXXXX	XXXXX	28,184	28,184		28,184
XXXXX	XXXXX	19,099	28,084		28,084
XXXXX	XXXXX	8,985			
XXXXX	XXXXX	2,948	3,759		3,759
XXXXX	XXXXX	811			
TOTAL			\$1,072,535	(\$183,592)	\$888,943
					\$888,943

*1 - \$57,500 used in 2004 budget

*2 - \$126,092 Refunded in 2004 - To be in a designated fund balance at 12/31/04.

Accounts Receivable - Reserves

206XXXX

888,943

Deferred Revenue - Reserves

206XXXX

888,943

To record estimated reserves held at December 31, 2004.

Schedule 8